

Seattle Public Utilities Wholesale Water Contracts - Update Facilities Charge Rate

**Presentation to the LUC Committee
December 3, 2013**



Background

- Seattle's wholesale water contracts established a growth pays for growth feature called the facilities charge
 - Due when a new retail customer connects to wholesale system
 - Rate based on new supply capacity, which can include regional conservation
- Contracts also established the joint SPU-Wholesale Water Supply Operating Board
 - Has authority to allocate regional conservation costs between wholesale *rates* and *facilities charges*
 - CIP costs for 2011-2013 allocated to facilities charges in May 2010, and Seattle City Council adopted the resulting Facilities Charges in December 2010
 - CIP costs for 2014-2018 allocated to facilities charges in June 2013

Details of Facilities Charge Adjustment

- This legislation adjusts the facilities charge rate effective February 1, 2014
- The proposed facilities charge rate is \$936 per 1" and smaller connection
 - 6.7% increase from the current \$877 per 1" and smaller connection
 - Larger connection sizes pay higher rates
 - Rate is calculated using the formula specified in the contracts, and remains flat over 2014-2018
- The increase is projected to result in \$55k additional revenue per year over the projected 2013 revenue of \$825k
- Legislation also removes expired rates